

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
LINCOLN PLAZA NORTH
400 Q STREET, ROOM 3340
SACRAMENTO, CA 95811**

October 1, 2010

**NOTICE OF MODIFICATION TO
TEXT OF PROPOSED REGULATION**

**COMMENTS REGARDING INITIAL
STATEMENT OF REASONS**

NOTICE OF MODIFICATION

Pursuant to the requirements of Government Code section 11346.8(c), and Section 44 of Title 1 of the California Code of Regulations, the CalPERS Board of Administration ("Board") is providing notice of modification to proposed Regulation section 559 of Title 2 of the California Code of Regulations. The Regulation as originally proposed was the subject of a Notice of Proposed Regulatory Action published in the California Regulatory Notice Register, Register 2010, No. 14-Z, April 2, 2010, OAL Notice File Number Z-2010-0323-04. As published in the California Regulatory Notice Register on April 30, 2010 the hearing date was changed from May 17, 2010, to June 14, 2010, the comment period was extended to June 14, 2010, and the Initial Statement of Reasons was revised. A public hearing was held on June 14, 2010. At the hearing, the Board directed staff to consider certain amendments discussed at the meeting. Written comments were received that were not specifically considered by the Board on June 14, 2010, since they were not received in time to be considered at the hearing. Staff reviewed all the comments received pursuant to the April 2, 2010 and April 30, 2010 notices and made amendments to the proposed regulation based on those comments. On September 13, 2010, the CalPERS Board approved these revisions and further requested an additional change to make clear that Placement Agents must report gifts and campaign contributions made to all Board Members as well as to persons who have the authority to appoint persons to the CalPERS Board. These additional revisions are set forth in subdivision (c) of the proposed regulation.

If you have comments regarding the amended proposed regulation, you may submit them in writing to the Board between October 1, 2010 and October 15, 2010. All written comments must be received by 5:00 p.m. on October 15, 2010. Comments may be

submitted by fax at (916) 795-4607; e-mail at the following address:
warren_astleford@calpers.ca.gov or mailed to the following address:

California Public Employees' Retirement System
400 Q Street, Room 3340
P.O. Box 942702
Sacramento, CA 94229-2707
Attn: Warren Astleford
Telephone: (916) 795-0314

The Board is accepting comments only on the proposed modifications to subdivision (c). All written comments on the proposed modifications that are received by October 15, 2010 will be reviewed and responded to by the Board's staff as part of the compilation of the rulemaking file. If no written comments are received with respect to the proposed modification, it is anticipated that the proposed regulation and modifications will be forwarded to the Office of Administrative Law for review. If written comments are received regarding subdivision (c), the Board may, acting through the Investment Committee, consider modifying the proposed regulation at a later CalPERS Investment Committee meeting. Additional modifications may be made in response to comments received during the notice period and/or comments made by the Board at a later CalPERS public meeting, if one occurs. If necessary, additional public notice and comment periods may occur depending on whether additional changes to the proposed regulation are made and the substance of those modifications.

COMMENTS REGARDING THE INITIAL STATEMENT OF REASONS

The Initial Statement of Reasons stated that there would be no cost impacts on representative private persons or businesses. That statement is erroneous. CalPERS believes there will be some cost impact on representative private persons or businesses. See completed Form 399 dated March 23, 2010 for an estimate of cost impacts on representative private persons or businesses.

The Initial Statement of Reasons also stated that there would be no cost impact on any state agency. That statement presumed that the impacts would be absorbable and consistent with costs already being incurred by CalPERS and other state agencies.